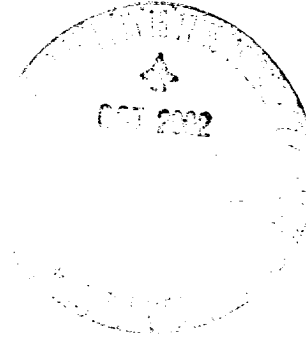


dugan production corp.

October 15, 2002

New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, NM 87410

Re: Dugan Production Corp.
Lisbon #2
API #30 045 30924
Unit E, Sec. 11, T30N, R14W
San Juan County, NM




Gentlemen:

Below are the deviations reported by the drilling contractor for the subject well:

1/4° @ 500'
1/2° @ 1,000'
3/4° @ 1,500'

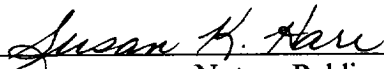
Sincerely,


John Alexander
Vice-President

JA:sh

State of New Mexico) ss
County of San Juan)

Subscribed and sworn to before me this 15th day of October, 2002.



Notary Public

My Commission Expires: August 23, 2006